

Major Yahoo shareholder launches board challenge

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(AP) -- A major Yahoo shareholder has launched a campaign to win four seats on the Internet company's board, setting the stage for a nasty battle that could drag on for months.

Hedge fund Third Point LLC, which owns a 5.8 percent stake in [Yahoo Inc.](#), thinks the struggling company would do better if Third Point representatives were in the boardroom helping recently hired CEO [Scott Thompson](#) overhaul the operations. Thompson joined Yahoo's board in January after the company lured him away from [eBay Inc.](#)'s PayPal to become its CEO.

Third Point formally began its attempt to shake up Yahoo's board with a Wednesday regulatory filing that comes more than a month after the [hedge fund](#) announced it would revolt unless the company accepted its slate of candidates as directors. In a letter last week, Third Point CEO Daniel Loeb gave Thompson a final chance to avert a mutiny by allowing the hedge fund's candidates to join the company's board.

Yahoo now must grapple with a shareholder mutiny that will add to the turmoil surrounding the Sunnyvale, Calif.-based company, as Thompson mulls a dramatic reorganization that could bring a large number layoffs.

This marks the second time in four years that Yahoo has faced a [boardroom](#) challenge from a disgruntled shareholder. In 2008, billionaire [Carl Icahn](#) sought to overthrow Yahoo's board after the company balked at a chance to sell itself to [Microsoft Corp.](#) for \$47.5 billion, or \$33 per

share. Icahn wound up accepting a truce that gave him and two of his hand-picked choices seats on Yahoo's board. Icahn and his allies are no longer on the board.

Third Point, based in New York, wants to use the botched Microsoft negotiations as an example of why Yahoo's board needs more expertise. The hedge fund opposes a Yahoo request to maintain a court seal on certain documents contained in a lawsuit filed by shareholders upset about how the Microsoft talks were handled. The Delaware Chancery Court case has already been settled, but Third Point still wants the opportunity to review some of the evidence that so far has been kept under wraps.

Third Point's proposed directors are Daniel Loeb, the hedge fund's manager; former NBC Universal CEO Jeff Zucker; former MTV Networks executive Michael Wolf and turnaround specialist Harry Wilson. In its filing, Third Point estimated it will spend about \$8 million trying to get its nominees elected. The hedge fund already has invested about \$1 billion during the past seven months to acquire its Yahoo holdings.

Yahoo's 11-member board already has changed. Four directors, including Chairman Roy Bostock, plan to step down at the company's annual meeting this year. The company appointed two directors, Alfred Amoroso and Maynard Webb, to its board last month and says it is still evaluating other candidates..

Unless a compromise is reached, the showdown between Yahoo and Third Point will be settled at the company's annual meeting. A date for the meeting hasn't been set yet, although Yahoo usually holds it in late June. When Icahn mounted his 2008 challenge, Yahoo postponed the meeting until August.

The upcoming departures from Yahoo's board are part of an attempt to placate shareholders frustrated with a long-running financial funk that has depressed the company's share price.

Yahoo shares rose 10 cents Wednesday to close at \$15.51. The stock hasn't traded above \$20 in the past 3 1/2 years.

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